

MOORE, COSTELLO & HART

ATTORNEYS AT LAW

1400 NORTHWESTERN NATIONAL BANK BUILDING

55 EAST FIFTH STREET

SAINT PAUL, MINNESOTA 55101

(612) 227-7683

RECORDATION NO. 13829 Filed 1425

FORMERLY
FARICY, MOORE, COSTELLO & HART

ROLAND J. FARICY
1898-1962

RICHARD A. MOORE
B. WARREN HART 1923-1981
WILLIAM F. ORME
MARVIN J. PERTZIK
A. PATRICK LEIGHTON
FREDERICK J. PUTZIER
DAVID L. WHITE
HAROLD R. FOTSCH
ROBERT A. ALBRECHT
RONALD E. MARTELL
WILLIAM M. BEADIE
DENIS L. STODDARD
BRUCE E. KIERNAT
LARRY A. HANSON
J. PATRICK PLUNKETT
JOHN M. HARENS
TIMOTHY A. SULLIVAN
DAVID A. KASTELIC
BRIAN W. MULLINS
ELISSA G. MAUTNER
GREGORY M. BISTRAM
PHYLLIS KARASOV
CHRIS R. KABELLA
MALCOLM G. McDONALD
MARY E. GIULIANI
DANIEL Q. HARRINGTON

NOV 1 1982 11 45 AM

HARRY G. COSTELLO
RETIRED

October 28, 1982
INTERSTATE COMMERCE COMMISSION
WALTER V. DORLE
OF COUNSEL
1907-1980

2-305A028

Interstate Commerce Commission
12th Street and Constitution Avenue
Washington, D.C. 20423

ATTENTION: Mildred Lee - Room 2303

Dear Ms. Lee:

No. NOV 1 1982

Date.....

Fee \$50.00

ICC Washington, D. C.

Enclosed you will find an original and two copies of an executed and notarized "Note and Security Agreement" along with a copy of the contract of sale between The Maxson Corporation and North Central Texas Railway. We have also enclosed a check in the amount of \$50.00 to cover the costs of filing. Attached to the Note and Security Agreement is my affidavit which I made as attorney for and Assistant Secretary of The Maxson Corporation.

Very truly yours,

MOORE, COSTELLO AND HART

Patrick Plunkett
J. Patrick Plunkett

RECEIVED
NOV 1 11 47 AM '82
FEE OPERATION BR

JPP:cdy
enc.

P.S. Please acknowledge receipt of this letter by returning the enclosed copy with signature.

Mildred Lee
(signature)

Interstate Commerce Commission
Washington, D.C. 20423

11/1/82

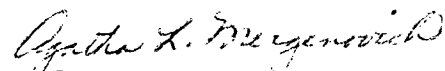
OFFICE OF THE SECRETARY

J Patrick Plunkett
Moore, Costello & Hart
1400 Northwestern National Bank Building
55 East Fifth Street
St. Paul, Minnesota 55101

Dear **Sir:**

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **11/1/82** at **11:45am**, and assigned re-recording number(s). **13829**

Sincerely yours,


Agatha L. Mergenovich
Secretary

Enclosure(s)

NOV 1 1982 11 45 AM

NOTE AND SECURITY AGREEMENT INTERSTATE COMMERCE COMMISSION

1. North Central Texas Railway, Inc., 1000 Penn Mutual Tower, 510 Walnut Street, Philadelphia, Pennsylvania 19106 (hereinafter called "North Central"), for value received, hereby promises to pay to the order of The Maxson Corporation, at its offices at 500 Como Avenue, St. Paul, Minnesota, (hereinafter called "Maxson") the principal sum of Four Hundred Sixteen Thousand Two Hundred Fifty Dollars (\$416,250.00) in lawful money of the United States, and further promises to pay accrued interest thereon from the date hereof at the rate of seventeen percent (17%) per annum in like money.

2. Payments of principal and interest in the amount of Ten Thousand Three Hundred Forty Four and 91/100 Dollars (\$10,344.91) shall be made monthly commencing on the last day of September, 1982 and continuing on the last day of each month thereafter until this Note is paid in full. Unless the maturity of this Note is accelerated as hereinafter set forth, this Note shall mature on the 31st day of August, 1987, at which time any remaining principal and accrued interest, if any, is fully due and payable. All payments, including prepayments, shall be applied first to accrued interest, if any, and the balance thereof to principal.

3. This Note may be prepaid at any time and from time to time, in whole or in part, without premium or penalty. Notwithstanding any prepayment hereunder, the monthly payments of principal and interest due hereunder shall continue to be due and payable in full as provided herein until this Note is paid in full.

4. As security for North Central's obligations hereunder, North Central hereby grants to Maxson a security interest in five (5) EMD G.P. 7, 1500 horsepower diesel locomotives, unit numbers 1550, 1551, 1552, 1553 and 1554, including any attachments, accessories, accessories, equipment and parts now or hereafter attached thereto (hereinafter referred to as the "collateral") and in any proceeds therefrom.

North Central covenants that it will: (i) keep the collateral in first class order, repair and running condition and replace any worn or broken parts; (ii) keep the collateral free and clear of all liens and encumbrances (other than the security interest granted hereby; (iii) permit Maxson and its representatives free access to the collateral at all reasonable times for the purpose of inspection; (iv) promptly notify Maxson in writing of any loss or damage to the collateral; (v) maintain insurance at all times with respect to the collateral in such amounts and against risks of bodily injury, property damage, collision, fire, theft and such other risks as may be required by Maxson, such insurance to be payable to Maxson and North Central as their interests may appear; (vi) not remove the collateral from the State of Texas without the prior written consent of Maxson; (vii) not abandon the collateral; (viii) not sell, assign, lease, mortgage, grant a security interest in, or otherwise dispose of any interest in the collateral without the prior written consent of Maxson; and (ix) not use or permit the collateral to be used for any unlawful purpose or in violation of any federal, state or municipal statute, rule or regulation.

5. The occurrence of one or more of the following events shall constitute an Event of Default hereunder: (i) North Central fails to pay any installment of principal or interest hereunder when due and such failure continues for a period of thirty (30) days; (ii) any statement, representation, covenant or warranty made herein or in any supporting financial statement by or on behalf of North Central is false or breached in any material respect; (iii) North Central fails to observe or perform any other covenant or agreement herein; (iv) North Central is unable to pay its debts in the ordinary course of business as they become due; (v) North Central enters into any general arrangement with creditors or applies for or consents to the appointment of a receiver, a trustee or liquidator of all or a substantial part of its assets; (vi) North Central files a voluntary petition in bankruptcy or files a petition or answer seeking

(continued on-the back hereof)

reorganization or an arrangement with creditors or seeking to take advantage of any other law (whether Federal or State) relating to relief of Debtors; (vii) North Central has an involuntary petition under any Chapter of the Bankruptcy Act, as amended, filed against it which is not dismissed within thirty (30) days, or (viii) North Central suffers the approval, by a court of competent jurisdiction, of a petition seeking the appointment of a receiver, trustee or liquidator of all or a substantial part of its assets which continues in effect or unstayed for thirty (30) days.

6. Upon the occurrence of any Event of Default hereunder, and at any time thereafter, Maxson may exercise one or more of the following rights and remedies: (i) accelerate the maturity of this Note and declare any remaining principal and accrued interest, if any, to be immediately due and payable; (ii) exercise and enforce any and all rights and remedies after default of a secured party under the Uniform Commercial Code, as adopted in the State of Minnesota, including, but not limited to, the right to take possession of the collateral without judicial process. Failure of Maxson to exercise any of its rights or remedies hereunder in the event of the occurrence of one or more Events of Default by North Central shall not constitute a waiver by Maxson of its rights hereunder if one or more Events of Default should subsequently occur or reoccur. All rights and remedies hereunder of Maxson shall be cumulative and may be exercised singularly or concurrently at Maxson's option, and the exercise of enforcement of any one such right or remedy shall not be a condition to nor bar the exercise or enforcement of any other right or remedy. Any notices required to be given by Maxson to North Central regarding the intended disposition of the collateral after repossession thereof by Maxson shall be deemed to be commercially reasonable if mailed by registered or certified mail, postage prepaid, to North Central at its address set forth above at least ten (10) calendar days prior to the date of intended disposition.

7. Maxson reserves the right to assign this Note and Security Agreement without the consent of North Central.

8. North Central hereby waives demand, protest, notice of protest and notice of nonpayment and dishonor. North Central further agrees to pay all costs incurred by Maxson to collect the amounts due under this Note, whether or not suit is filed with respect thereto, together with reasonable attorney's fees.

9. This Note and Security Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota.

NORTH CENTRAL TEXAS RAILWAY, INC.

By David E. Wasserstrom
Its President

COMMONWEALTH OF Penna.)
COUNTY OF Philadelphia) ss

On this 22nd day of July, 1982, before me personally appeared David E. Wasserstrom, to me personally known, who, being by me duly sworn on oath, did say that he is the President of North Central Texas Railway, Inc., that the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and that he acknowledged that he executed the foregoing instrument as the free act and deed of said corporation.

Kathleen M. Lion
Notary Public

Notarial Seal
My Commission Expires May 14, 1984

KATHLEEN M. LION
Notary Public, Phila., Phila. Co.
My Commission Expires May 14, 1984

AFFIDAVIT OF J. PATRICK PLUNKETT

State of Minnesota)
County of Ramsey) ss.

J. Patrick Plunkett, being first duly
sworn upon oath, deposes and says:

1. He is the attorney for and Assistant
Secretary of The Maxson Corporation ("Maxson"), the secured party in the attached
Note and Security Agreement.

2. Upon information and belief the five
(5) EMD G.P. 7, 1500 Horsepower Diesel Locomotives, Unit Numbers 1550, 1551,
1552, 1553, and 1554, now have new unit numbers. The new Unit Numbers, upon
information and belief, for the five locomotives are 613, 614, 615, 616 and 617.

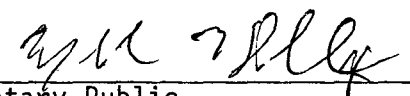
3. The old unit numbers, that is 1550
through 1554 inclusive, were the unit numbers on the locomotives when Maxson
took possession of said locomotives prior to the sale to North Central Texas
Railway, Inc.

Further affiant sayeth not.

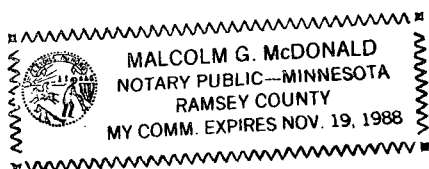


J. Patrick Plunkett

Subscribed and sworn to before me
this 28th day of October, 1982.



Notary Public



THE AMERICAN LOCOMOTIVE CORPORATION

LOCOMOTIVE DIVISION

500 COMO AVENUE
P.O. BOX 43585
ST. PAUL, MINNESOTA 551
TELEPHONE (612) 488-2501



July 16, 1982

North Central Texas RR
100 Penn Mutual Tower
510 Walnut St.
Philadelphia, PA 19106

Attention: Mr. Dave Wasserstrom

Gentlemen:

This proposal is subject to the terms and conditions on the back hereof, which terms and conditions are expressly referred to and made a part hereof, except as noted below.

This is our formal quote on the purchase of five EMD GP 7 locomotives. As we had discussed, we have several locomotives that are in the process of being reconditioned by our shop in St. Paul, Minnesota. The units we propose for your railroad will be disassembled and all components inspected, tested and repaired, if required. All rotating electrical equipment will be tested, inspected and basic overhauled, if required. This consists of disassembly, baking, testing, varnish treating, baking, reassembly and test running, if needed. All bearings, including main and con rods, will be replaced as needed after inspection. All secondary wiring will be inspected and replaced as needed, including all components of the control locker. The contactors and contact tips will be reconditioned and the reverser will be rebuilt as required. The primary wiring and car body lead holders will all be inspected and repaired or replaced as required. The truck assemblies will have rebuilt pins, bushings, linkage rods, and better than 1-1/2" wheels, all trucks will be mag particle inspected for any cracks or defects before assembly. The brake system will be totally inspected and all components will be dated and qualified.

The attached sheets will help to explain our rebuild program. As you will note from the repair code, all components of the locomotive are inspected and the repairs will be marked: (N) new (O) original (R) repaired (S) second hand (W) warranty exchange (D) reconditioned and (X) does not apply. The repair code is marked on the form and the locomotive is repaired accordingly. This form can be changed to fit the customer due to the track conditions, environment and recommendations by the customer.

The locomotives will be painted to your specs providing no more than a two-color scheme is used. For more than two colors there will be an added charge. We

will also furnish a technician at your site to put the locomotives into service and for training purposes.

We also offer a full maintenance program that can be set up on a monthly, three month, six month or yearly basis. This helps to prevent down time and costly repairs that could have been avoided.

Our price for these locomotives F.O.T. St. Paul, MN is \$92,500.00 each. The price will be good for thirty days from the date of this quote.

If you accept our offer, and as discussed with Mr. R. L. Nord, our Executive Vice President, we offer to finance these units and enclose the original plus three copies of a Note and Security Agreement to be executed by North Central Texas Railway, Inc. You should sign the original plus two of the copies and make sure that they are notarized. These should then be returned to us with a down payment of \$46,250.00. The original will be for our files and the two copies are for filing at the ICC. The third copy is for your files.

We are also including a form of Financing Statement (UCC-1) for filing in the State of Texas. This form should be signed by the Railway and all copies (except copy #5 which should be retained by the Railway) should be returned to us. We have ordered forms from Pennsylvania for filing in that State. These will have to be executed by you after we receive them.

If you are interested in this type of program, or if you have any questions regarding this quote, please feel free to give us a call.

Sincerely yours,

THE MAXSON CORPORATION

Robert Rusten
Vice President
Locomotive Division

RR:md

NORTH CENTRAL TEXAS RAILWAY

1000 Penn Mutual Tower • 510 Walnut Street • Philadelphia, Pennsylvania 19106
Telephone (215) 625-9111 Telex 83-1672

July 22, 1982

Mr. Robert Rusten,
Vice President - Locomotive Division
The Maxson Corporation
500 Como Avenue
P.O. Box 43585
St. Paul, Minnesota 55164

Dear Bob:

I am pleased to advise you that North Central Texas Railway has decided to accept the proposal as contained in your letter of July 16, 1982. Pursuant thereto, I am enclosing the following:

1. Check of North Central Texas Railway No. 813 dated July 21, 1982 in the amount of \$46,250.00, representing the downpayment.
2. Original and two copies of the Note and Security Agreement, which have been executed and notarized, as required.
3. The completed Financing Statement (Form UCC-1), from which I have removed copy 5.

I have been advised by your attorney, Mr. Plunkett, that upon receipt of the enclosed by you, I will be provided with the appropriate Bill of Sale.

Very truly yours,



David E. Wasserstrom,
President

Enclosures
VIA FEDERAL EXPRESS

Rec'd 7-23-82
& deposited
2 copies of
note & sec
agreement forwarded
to P&P w/ item 1)
3 plus copy of this letter
7/23/82